

King County Quarterly Economic Measures

Second Quarter, 2000

Executive Summary	1
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Statistical Tables

U.S. Economic Measures	7
Industrial/Manufacturing Measures	8
Regional Economic Indicators	9
Convention Information	9
Taxable Retail Sales	10
Employment.....	11
Seattle-King County Dislocation Activity	12
Boeing and Airline Industry Data	13
Income Measures	14
Construction	15
Office Market: Downtown Seattle	16
Office Market: North & South King County	17
Office Market: Bellevue/Eastside	18
Industrial Market: Seattle	19
Industrial Market: Kent Valley	20
Industrial Market: Eastside.....	21
Retail Market	22
Apartment Vacancy Rates	23

List of Sources

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Executive Summary

As part of its year 2000 special programs contract with the Office of Regional Policy and Planning, the Central Puget Sound Economic Development District (EDD) produces quarterly reports on national and county economic measures. This document is an executive summary of the second quarter, 2000 report. Anyone desiring copies of the full 25-page report should contact Ray Moser, Manager, Economic Development Program at 205-0707.

The Nation

U.S. Economic Measures

Gross domestic product grew at an annual rate of 5.2% in the second quarter of 2000. The first quarter growth rate was revised downward to 4.8%. The continued robust economic growth was fueled by business investment, particularly in equipment and software, which accounted for nearly a third of the increase in GDP. Consumer spending, which has been behind much of the recent expansion, slowed in the second quarter.

Despite the high overall growth rate, there was little evidence of renewed inflationary pressure in the second quarter. The GDP price deflator showed inflation rising at a 2.5% annual rate in the second quarter, down from a 3.3% rate in the first three months of the year. Mirroring the results at the end of the first quarter, the consumer price index in June was up 0.6% over the previous month, and 3.7% over the same period one year earlier. Again, however, much of this was due to higher gasoline prices, particularly in the Midwest. In the three month period April to June, the core rate of inflation (which excludes the more volatile food and energy prices) averaged a modest month to month increase of 0.2%.

In the past year the Federal Reserve has raised short term rates by one quarter point on five separate occasions, seeking to slow the pace of economic growth and reduce the risk of renewed inflation. In May the Fed went a step further, raising the federal funds rate by half a point to 6.5 percent. The discount rate was also raised half a point to 6 percent. Many of the largest banks immediately followed suit, increasing prime lending rates to 9.5 percent.

Interest rate hikes by the Fed coupled with the repurchase of government debt by the Treasury Department have resulted in an inverted yield curve, with shorter term 10-yr and even 3-yr bonds trading at higher rates than the standard 30-yr Treasuries. Inflation fears have tended to keep bond yields higher, although rates have tended generally downwards following the Fed's last interest rate increase in May.

With interest rates rising, mortgage rates have continued their upward trend. The interest rate on conventional 30-year, fixed rate loans rose as high as 8.6% in May, the highest level in five years, but fell to 8.2% by the end of the second quarter of 2000.

Industrial/Manufacturing Measures

Producers' durable equipment grew by \$53 billion, for an annualized rate of 21% in the second quarter of 2000, matching first quarter gains. New computer purchases continue to dominate business investment. Nonfarm inventories rose by \$54 billion. Signs of continued strong demand were evident in the orders placed with U.S. manufacturers during the second quarter. Growth was broad-based, with factory orders up 2.9% from the first quarter of 2000 and 12% from the same quarter one-year earlier. Industrial production also grew in the second quarter, up nearly 6% on average from the same period last year. While still well below capacity, the capacity utilization rate rose above 82% for the first time in almost two years.

Income Measures

Per capita disposable personal income rose slightly in the second quarter, up 2.1% over the same period one year earlier.

The Region

Economic Activity

Price levels in the region were up slightly in the second quarter of 2000. The consumer price index (CPI) for the western U.S. was up 1.1% from the previous quarter, for an annual rate of 4.4%. The estimated CPI for the Seattle metro area rose 1.4% in the second quarter of 2000, for an annual rate of 5.6%.

The number of bankruptcies recorded in King County continued to decline in the second quarter of 2000, down 4.3% from the previous quarter and 9.6% from the same quarter twelve months earlier.

New business starts within Seattle surged in the second quarter of 2000. Licenses issued in the months April to June were up more than 70% over the same period last year.

Air traffic at SeaTac continues to follow a long run trend of steady growth. The total number of passengers passing through the airport in the second quarter of 2000 increased 3.7% from the same period one-year earlier, while air cargo volumes rose 1.5%. Container traffic at the Port of Seattle rose slightly, up 1.9% over the past twelve months.

Convention Information

The number of conventions and events held in King County during the second quarter of 2000 failed to equal last year's levels, down 3.2%. Total room nights, a measure of the volume of tourist and business traffic, declined by 10% from the same period last year. According to a study completed by Wolfgang Rood Hospitality Consulting of Bellevue

and PKF Consulting of San Francisco, during the first six months of 2000 hotel room occupancy in downtown Seattle was down 4.8% from the same period last year. Local room taxes collected during the first quarter of 2000 were up 13% from the same period last year. Local room tax per event, a proxy measure for delegate expenses, rose 12% from the same period twelve months earlier.

Taxable Retail Sales

Taxable retail sales in King County rose 12.1% overall in the twelve months leading up to the first quarter of 2000. Among the major sectors, construction grew fastest, up 19.4%. Services (13.1%) and retail trade (12.1%) also showed average or above average gains. Taxable retail sales in the City of Seattle were up 10.9% in the first quarter of 2000. As in the county as a whole, construction activity led the way with growth of 22.2%.

Employment

With its booming economy and tight labor market, King County continues to enjoy record low unemployment. While the number of unemployed in King County rose 3.4% from the same period last year, the unemployment rate was unchanged from the previous quarter at 3.2%. Statewide, the unemployment rate stood at 4.5%. Nationally, the unemployment rate was slightly lower at 3.9% for the quarter.

Average monthly initial unemployment claims in the first quarter of 2000 rose by 16.7% over the same period last year; the number of unemployment beneficiaries declined by 12%. (Statistics on the number of beneficiaries by industry remain temporarily unavailable as of August 1999.)

In the Seattle metro area, the number of nonagricultural wage and salary workers grew by 2.2% in the second quarter of 2000. Compared to the second quarter of 1999, goods-producing industries were down by 2.8%; services-producing industries up by 3.1%. In line with the ongoing shift in the economic base of the Puget Sound region, manufacturing employment declined by 6.1%, led by job losses in transportation equipment, aircraft and parts (down 12.6%), while services employment increased by 4.9%, led by growth in business services, computer & data processing (up 26.2%).

Job Dislocation Activity

Roughly half of the job losses recorded by the King County Reemployment Center in the first six months of the year—about 3000—were due to workforce reductions at Boeing. Further jobs were lost at PACCAR/Kenworth Trucks (350), Boston Scientific Corp. (321), and apparel manufacturer Thaw Corp. (400). The downturn in the previously high-flying Internet sector led to the first high-tech layoffs at Amazon.com (150) and eProject.com (31).

Boeing and Airline Industry Data

There are some signs that after two years of steady declines, the number of Boeing workers in Washington state may be stabilizing at around 77,000 employees. Meanwhile, in spite of a 40-day strike earlier this year by technical and engineering workers, contractual backlogs remained relatively flat, up 0.6% from the same period one year earlier. Backlogs in the commercial airplane division rose by 0.3%.

Wages

With employment and payroll data now available for the second half of 1999, overall monthly wages can be seen to have risen in the third quarter (7.8%) and again in the fourth quarter (9.4%). Total wage levels in the final quarter of 1999 were higher than in the same quarter one year earlier, by 16.4%. The major sectors with the highest average monthly wage were services (up 33%) and manufacturing (8%).

Real Estate

Construction

In King County, sales of new and existing homes were down 10.4% in the 12-month period ending with the second quarter of 2000. At the same time, however, the average number of days on market declined from 38 to 35 days, and both the mean and median sales price rose by a little more than 10%.

In the city of Seattle, the number of commercial and industrial permits issued in the second quarter of 2000 declined 4.3% from the same period one-year earlier; the value of non-residential construction was down by 12.1%. The number of residential permits issued for existing units was down 10.8% while those for new construction rose by 6.7%. The dollar value of residential construction increased by more than 40% and the number of new units built nearly doubled.

Office Market

The market for office space in the Puget Sound region tightened still further in the second quarter of 2000, with the vacancy rate falling to an unheard of 2.8%. In downtown Seattle, vacant office space has become virtually nonexistent, with vacancy rates at 0.6%, according to a report by Colliers International. CB Richard Ellis reported vacancy rates in the downtown market of just over one percent, and on the Eastside of 0.7%. Regionwide, a total of 1.4 million square feet of new office space was added this quarter. More than seven million additional square feet is currently under construction, 80 percent of which is already preleased. Strong demand in an increasingly tight market has driven lease rates to record levels. In the second quarter, top office rents in Seattle exceeded \$50 per square foot for the first time.

Industrial Market

Strong demand by high tech firms has led to lower vacancy rates in the Puget Sound industrial market, at 3.9% in the second quarter, down from 4.7% in the first quarter of 2000. Demand was strongest in the Kent Valley and on the Eastside. In spite of the tightening market, lease rates have remained relatively flat across the region. Construction activity in the second quarter was nearly double that in the previous quarter, with more than 3 million square feet of new industrial space expected to be added in the coming months.

Retail Market

Just as in the office and industrial markets, the retail market tightened even further in the first half of the year, with vacancy rates down from 5.5% in the second half of 1999 to the current 3.5%. Vacancy rates were lowest in downtown Seattle, with a mere 1.6%, in spite of the addition of more than 700,000 additional square feet. In the face of such strong demand, one would expect a surge in lease rates. Instead, average lease rates were down in the first half of 2000, a fact attributable to the absorption of much of the prime retail space, according to CB Richard Ellis.

Apartment Market

The expected softening of the apartment market has yet to materialize. While the number of buildings changing hands continues to decline (the volume of sales has dropped by nearly two-thirds since the second half of 1998), the average price per unit was up once again in nearly every sub-market in the region. Meanwhile, demand for rental housing has driven vacancy rates downward region-wide, dropping to 2.6% in the first half of 2000. In Seattle, the rate fell to 2.2% from 3.4% in the second half of last year. Strong demand and low vacancy rates resulted in a 2.4% rise in rents in the first half of the year. Current conditions have also encouraged developers—more than 10,000 new apartment units are now under construction, with an additional 25,000 units in the planning stages, according to CB Richard Ellis.

OUTPUT and INFLATION

	1999			2000	
	II	III	IV	I	II
Real GDP	\$8,783.2	\$8,905.8	\$9,084.1	\$9,191.8	\$9,308.8
GDP growth	\$53.2	\$122.6	\$178.3	\$107.7	\$117.0
% change in GDP from previous quarter	0.6%	1.4%	2.0%	1.2%	1.3%
Annualized growth rate	2.5%	5.7%	8.3%	4.8%	5.2%
Current-dollar GDP	\$9,191.5	\$9,340.9	\$9,559.7	\$9,752.7	\$9,937.3
GDP growth	\$87.0	\$149.4	\$218.8	\$193.0	\$184.6
% change in GDP from previous quarter	1.0%	1.6%	2.3%	2.0%	1.9%
Annualized growth rate	3.9%	6.7%	9.7%	8.3%	7.8%
GDP Implicit Price Deflator	104.6	104.9	105.2	106.1	106.8
Annualized growth rate	1.4%	0.9%	1.3%	3.3%	2.5%
Consumer Price Index	166.2	167.2	168.3	169.6	171.6

INTEREST RATES

	1999			2000	
	II	III	IV	I	II
1 yr T-Bill	4.62	4.87	5.29	5.82	5.86
3 yr T-Bond	5.35	5.71	6.00	6.56	6.56
10 yr T-Bond	5.54	5.88	6.14	6.48	6.18
30 yr T-Bond	5.80	6.04	6.25	6.30	5.98
Discount Rate	4.50	4.60	4.87	5.19	5.74
Federal Funds Rate	4.75	5.09	5.31	5.68	6.27
Prime Rate	7.75	8.10	8.37	8.69	9.25
Average Mortgage Rate : United States	6.92	7.16	7.23	7.53	7.56
30-Year Fixed Rate	7.21	7.80	7.83	8.26	8.32
Average Mortgage Rate : Seattle	7.01	7.18	6.99	7.50	7.58

NOTES:

GDP figures for second quarter 2000 are advance estimates, released July 28, 2000. Other GDP figures are revised.

Real GDP: Gross Domestic Product in (U.S. billions) 1996 dollars. GDP Price Deflator: 1996 =100.

CPI: 1982-1984=100. Price index covers all urban consumers. Quarterly CPI and Interest Rates: 3 month average.

New Home Mortgage Yield: U.S. monthly average, not seasonally adjusted. Represents effective rate on conventional loans closed by major lenders. Rate is for newly-built homes. Effective interest rate is equal to the contract interest rate plus fees and charges amortized over a ten year period. Quarterly rates calculated as three month average.

Average Mortgage Rate: Average effective rate on conventional loans with approximate term to maturity of 30 years. Data is for the Seattle Consolidated Metropolitan Statistical Area (CMSA), which includes Kitsap, Thurston, Island, King, Snohomish, and Pierce counties.

SOURCES:

GDP figures from the Bureau of Economic Analysis national accounts data (<http://www.bea.doc.gov/bea/dn/nipbtbl-d.htm>).

CPI calculated by the Bureau of Labor Statistics (<http://stats.bls.gov/cpihome.htm>).

National Interest Rates from the Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/H15/>).

Mortgage rates from the Federal Housing Finance Board's Monthly Interest Rate Survey (<http://www.fhfb.gov/mirs.htm>).

INDUSTRIAL MEASURES

	1999			2000	
	II	III	IV	I	II
Producers' Durable Equipment	985.0	1,026.6	1,050.1	1,100.4	1,154.2
Changes in Non-Farm Inventories	14.1	43.5	73.0	33.0	54.0
Manufacturers' New Orders	1,044.3	1,085.2	1,105.8	1,134.9	1,167.5
Non-Defense Capital Goods Orders	156.5	167.5	173.3	181.4	193.2
Industrial Production	136.1	137.7	139.5	141.7	144.1
Capacity Utilization Rate	80.5	80.7	81.0	81.5	82.1
Manufacturing	79.6	79.7	80.3	80.8	81.3

NOTES:

These figures measure industrial activity for the entire U.S. economy.

Producers' Durable Equipment and Changes in Non-Farm Inventories in billions of 1996 dollars, seasonally adjusted. All figures revised retroactive to first quarter 1997. Figures for second quarter 2000 are advance estimates, released July 28, 2000.

Manufacturers' New Orders and Non-Defense Capital Goods Orders in billions of current dollars, seasonally adjusted. Figures for first quarter 2000 have been revised; figures for second quarter 2000 are preliminary estimates, released August 3, 2000.

Industrial Production: 1992 = 100, seasonally adjusted. Quarterly figures are 3 month average.

Capacity Utilization Rate for all industries includes manufacturing, mining, and utilities.

SOURCES:

Producers' Durable Equipment and Changes in Non-Farm Inventories: Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/dn/nipbtbl-d.htm>).

Manufacturers' New Orders and Non-Defense Capital Goods Orders: Census Bureau (<http://www.census.gov/indicator/www/table5p.txt>).

Industrial Production and Capacity Utilization Rate: Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/g17/Current/>).

Regional Economic Indicators

	1999			2000	
	II	III	IV	I	II
Consumer Price Index: Western U.S.	168.7	169.5	170.4	172.1	174.0
Consumer Price Index: Seattle CMSA	172.5	173.4	174.6	176.0	178.4
Port of Seattle					
Air freight (metric tons)	76,169	79,889	77,444	68,000	77,300
Water-borne freight (TEUs)	380,992	350,533	375,865	335,757	388,330
Air Passengers	7,097,764	8,307,005	6,562,054	6,086,158	7,363,472
Bankruptcies: Puget Sound Region	4,286	3,902	3,928	3,876	3,991
Bankruptcies: King County	1,841	1,662	1,655	1,596	1,664
New Business Starts: City of Seattle	1,822	2,898	863	2,432	3,153
Electrical Energy Usage: City of Seattle	2,250,356	2,076,725	2,358,532	2,733,937	2,243,751

NOTES:

CPI –U: Covers all urban consumers. 1982-1984 = 100. Data for selected local areas available on a bimonthly basis since 1998.

New Business Starts consist of the total new business license accounts for the quarter.

Electrical Energy Usage in thousands of kilowatts billed.

SOURCES:

CPI: Bureau of Labor Statistics (<http://stats.bls.gov/cpihome.htm>).

Waterborne Freight and Air Traffic: Port of Seattle (<http://www.portseattle.org>).

Bankruptcies: U.S. Bankruptcy Court.

New Business Starts: Seattle Department of Licensing.

Electrical Energy Usage: Seattle City Light.

Convention Information: King County

	1999			2000	
	II	III	IV	I	II
# Conventions/Events	156	106	107	158	151
# Room Nights	179,167	122,417	121,805	155,841	161,175
Room Nights per Event	1,149	1,155	1,138	986	1,067
	1999			2000	
	I	II	III	IV	I
Local Room Tax	\$2,442,831	\$3,302,114	\$4,183,379	\$3,184,960	\$2,765,116
Room Tax per Event	\$15,559	\$21,167	\$39,466	\$29,766	\$17,501

NOTES:

The figures for number of conventions and number of room nights are for all events booked at the convention center and area hotels. "Local Room Tax" includes Washington State hotel/motel tax distributions to Seattle-King County, exclusive of taxes collected in Bellevue. This is used as a proxy for delegate expenses. Quarterly figures indicate the months when room taxes were collected, not distributed, since distribution occurs two months after collection. For example, hotel/motel distributions for June reflect collections made in April.

SOURCES:

Number of conventions/events and number of room nights: Seattle-King County Convention and Visitors Bureau

Hotel/Motel Tax Distributions: Washington State Department of Revenue

Taxable Retail Sales

INDUSTRY	SIC	City of Seattle			King County		
		Q1 2000		CHANGE FROM Q1 1999	Q1 2000		CHANGE FROM Q1 1999
		UNITS	TAXABLE RETAIL SALES (\$)		UNITS	TAXABLE RETAIL SALES (\$)	
RETAIL TRADE	52-59	6,464	\$1,266,970,986	9.7%	12,321	\$3,880,624,384	12.1%
BUILDING MATERIALS/HARDWARE	52	266	59,719,881	4.8%	541	217,891,689	9.0%
Lumber/Bldg Material	521-522	121	32,669,800	21.0%	220	121,118,985	24.2%
Paint, Glass, Wallpaper	523	40	4,357,797	3.8%	64	10,410,859	-2.0%
Hardware Stores	525	58	19,302,005	-15.5%	139	69,895,956	-9.3%
Nurseries/Garden Supplies	526	47	3,390,279	13.8%	110	14,869,314	12.0%
Mobile Home Dealers	527	3	1,783,120	-	8	1,596,575	6.6%
GENERAL MERCHANDISE	53	38	81,972,209	4.9%	80	381,343,174	6.0%
Department Stores	531	10	61,622,534	4.4%	14	227,039,356	2.3%
Variety Stores	533	11	15,649,390	6.9%	26	121,479,626	10.5%
Other General Merchandise		17	4,700,285	5.8%	40	32,824,192	17.4%
FOOD	54	496	110,546,368	6.6%	892	328,199,008	1.8%
Grocery Stores	541	349	104,198,547	7.4%	615	310,630,135	1.6%
Fruit/Vegetable/Meat	542-543	20	779,224	-2.3%	34	1,653,439	7.8%
Candy/Nut/Confectionery	544	11	183,381	-30.7%	17	233,205	-56.6%
Dairy Products	545	5	168,866	-12.5%	12	439,683	-12.0%
Bakeries	546	62	2,443,781	9.5%	105	4,079,943	10.5%
Other Food Stores		49	2,772,569	-13.9%	109	11,162,603	6.3%
AUTO DEALERS/GAS STATIONS	55	383	250,134,141	18.3%	991	936,395,692	20.8%
Auto Dealers (New/Used)	551-552	99	183,376,308	23.0%	322	776,047,620	23.0%
Accessory Dealers	553	81	13,229,896	-31.0%	195	46,636,888	-16.8%
Service Stations	554	113	12,836,731	37.8%	322	45,712,497	45.0%
Marine/Aircraft, etc.		90	40,691,206	19.9%	152	67,998,687	20.6%
APPAREL/ACCESSORIES	56	312	80,729,321	3.8%	541	212,635,281	6.1%
Clothing	561-565	189	68,698,391	3.5%	327	176,370,063	6.4%
Shoes	566	36	6,563,952	13.5%	57	17,886,738	5.9%
Other Accessories		87	5,466,978	-2.7%	157	18,378,480	3.7%
FURNITURE/FURNISHINGS/EQUIP.	57	865	143,631,561	1.8%	1,559	555,608,742	11.8%
Furniture	571	332	49,237,200	13.7%	617	173,123,736	11.4%
Appliances	572	37	2,854,248	-58.7%	93	30,079,514	-28.7%
Electronics/Music Stores	573	496	91,540,113	0.8%	849	352,405,492	17.6%
EATING/DRINKING PLACES	58	1,770	258,763,439	7.8%	3,421	566,815,846	10.3%
MISCELLANEOUS RETAIL STORES	59	2,334	281,474,066	14.7%	4,296	681,734,952	14.9%
Drug Stores	591	46	26,080,052	1.6%	100	68,186,789	-1.8%
Miscellaneous Retail Stores	594	577	100,082,777	4.8%	1,081	263,868,771	8.4%
Nonstore Retailers	596	320	21,662,172	0.9%	572	63,598,118	3.2%
Fuel/Ice	598	23	21,349,855	29.7%	41	33,743,636	26.0%
Other Retail Stores		1,368	112,299,210	30.1%	2,502	252,337,638	31.5%
SERVICES	70-89	5,226	\$42,813,239	13.3%	10,195	\$1,240,076,827	13.1%
HOTELS/MOTELS, ETC.	70	122	76,028,752	12.2%	281	164,556,312	10.7%
PERSONAL SERVICES	72	636	25,518,490	19.1%	1,478	55,116,522	9.5%
BUSINESS SERVICES	73	2,134	222,183,325	12.6%	3,612	466,141,372	11.4%
Computer Services	737	493	63,646,867	32.9%	824	142,807,603	29.3%
AUTOMOTIVE REPAIR/SERVICES	75	666	102,589,530	13.2%	1,537	301,728,678	16.5%
OTHER SERVICES		1,668	116,493,142	14.0%	3,287	252,533,943	14.6%
CONTRACTING	15-17	4,847	\$79,040,789	22.2%	8,713	\$1,451,311,549	19.4%
MANUFACTURING	19-39	901	\$5,968,345	2.3%	1,689	\$214,276,514	2.7%
TRANSPORTATION/COMM./UTILITIES	40-49	459	\$201,788,520	0.0%	690	\$465,098,066	10.4%
WHOLESALE	50-51	2,656	\$406,378,644	8.8%	4,399	\$1,097,291,958	8.4%
FINANCE/INSURANCE/REAL ESTATE	60-67	290	\$46,827,695	-1.3%	546	\$121,429,981	4.4%
OTHER BUSINESS	0-14/90's	840	\$17,090,461	-29.8%	1,587	\$65,315,454	-18.9%
TOTAL ALL INDUSTRIES		21,683	\$3,146,878,679	10.9%	40,140	\$8,535,424,733	12.1%

NOTES:

Quarterly taxable retail sales data released with a lag of up to 6 months. Units are number of businesses reporting taxable retail sales.

SOURCE:

Taxable Retail Sales: *Quarterly Business Review*, Department of Revenue, Washington State (<http://www.dor.wa.gov>).

Civilian Labor Force: King County

	1999			2000	
	II	III	IV	I	II
Civilian Labor Force	1,033,533	1,045,067	1,045,933	1,034,867	1,032,433
Employed	1,001,933	1,011,333	1,015,033	1,001,900	999,800
Unemployed	31,600	33,733	30,900	32,933	32,667
Unemployment Rate	3.1%	3.2%	3.0%	3.2%	3.2%
Unemployment Rate: WA State	4.5%	4.5%	4.3%	5.2%	4.5%
Unemployment Rate: United States	4.2%	4.2%	3.8%	4.4%	3.9%

	1999			2000	
	I	II	III	IV	I
Initial UE Claims	6,090	5,115	4,730	5,172	7,105
Unemployment Beneficiaries	21,246	20,430	17,883	16,893	18,701

Nonagricultural Employment: Seattle PMSA

	1999			2000	
	II	III	IV	I	II
Non-Agricultural Employment	1,377,733	1,385,200	1,402,700	1,381,850	1,407,400
Goods Producing	293,000	298,600	290,033	275,500	284,700
Services Producing	1,089,300	1,076,033	1,112,700	1,104,533	1,122,700
Mining	700	700	667	700	700
Construction	75,367	81,167	80,467	75,500	80,533
Manufacturing	216,633	212,667	208,900	196,700	203,467
Durable Goods	172,900	168,200	164,033	155,000	159,067
Nondurable Goods	43,733	44,467	44,867	44,300	44,400
Transportation, Communications & Utilities	83,033	84,133	85,233	85,567	86,533
Wholesale & Retail Trade	323,167	328,833	335,400	330,633	336,333
FIRE	85,600	85,900	86,333	84,467	84,567
Services	401,367	405,933	414,033	412,133	421,200
Government	191,867	185,867	191,700	191,733	194,067

NOTES:

Civilian Labor Force consists of workers who live in the region in question. (based on household survey).

Non-Agricultural Employment consists of workers who work in the region in question. (based on establishment survey).

Unemployment Rates are not seasonally adjusted.

Seattle PMSA includes King, Snohomish, and Island Counties. The proportion of annual average total employment represented by each is approximately 83%, 16%, and 1%, respectively.

All quarterly figures are three-month averages.

SOURCE:

Washington State Labor Area Summaries. Washington State Employment Security, Labor Market and Economic Analysis Branch.

Seattle-King County Dislocation Activity January - July 2000

Company	Location	Occupation	No. of Workers
Boeing Co.	King, Pierce, & Snohomish Counties	All Job Classifications	3034
Muzak	Seattle	Headquarters Staff & Warehouse	411
PACCAR/Kenworth Trucks	Seattle & Renton	Manufacturing	350
Boston Scientific Corp.	Redmond	Manufacturing & Support - Medical	321
Thaw Corporation	Seattle & Kent	Apparel	200
REI/Thaw Corp.	Seattle & Kent	Garment	200
Summit Window & Door Co.	Kent	Manufacturing & Sales	160
Amazon.com	Seattle	Customer Service & Support	150
Kendall Co.	Bothell	Medical Supply	116
Dutch Harbor/UniSea	Redmond	Seafood	115
Lamonts	Kirkland	Headquarters Staff & Store Support	115
Pony Express	Sea-Tac	Delivery Drivers & Dispatchers	100
Crawford Co.	Bellevue	Claims Administrators & Customer Service	91
United Parcel Service	Seattle & Tukwila	Billing & Accounting	79
LedaLife Architectural Products	Kent	Manufacturing	74
Toys R Us	Kent	Office & Warehouse	70
MDS Penlabs, Inc.	Bothell	Customer Service	62
Silver Eagle	Seattle & Kent	Warehouse, Drivers & Dispatch	52
Allstate Insurance Co.	Bothell	Marketing & Sales	48
Hexcel Corp.	Kent	Aerospace	44
Northern Life Insurance Co.	Seattle	Claims Administrators & Customer Service	40
Nestle	Carnation	Groundskeepers & Milkers	35
eProject.com	Seattle	Project	31
HFI Food	Redmond	Food Processing	30
Ball Container, Inc.	Seattle	Manufacturing	25
The Paper Co.	Seattle	Manufacturing	20
Red Dot Corp.	Tukwila	Manufacturing	20
CSK Auto	Auburn	Warehouse	19
J.C. Penney	Kent	Office Clerical	12
QFC	Bellevue	MIS	7
January - July 2000	30 Companies		6,031 Dislocated Workers
1999	61 Companies		19,692 Dislocated Workers
1998	56 Companies		7,259 Dislocated Workers

Washington State Labor Area Summaries, Washington State Employment Security, Labor Market and Economic Analysis Branch.
SOURCE: King County Reemployment Support Center

Boeing Employees in Washington State

1989	1990	1991	1992	1993
106,670	104,515	104,700	98,603	88,890
1994	1995	1996	1997	1998
81,964	71,834	87,769	103,400	98,440
1999 II	1999 III	1999 IV	2000 I	2001 II
86,600	83,300	80,900	77,900	77,200

NOTES:

For quarterly totals, data reflects the number of employees at the end of the quarter. Boeing employees in Washington state represent approximately 40 percent of the company's U.S.-based workforce (including contingent labor and those employed by subsidiaries).

SOURCE:

The Boeing Company (<http://www.boeing.com>)

Boeing Contractual Backlogs

	1999 II	1999 III	1999 IV	2000 I	2000 II
Commercial Airplanes	76.9	75.7	73.0	75.7	77.1
Military Aircraft and Missiles	18.0	16.5	15.6	16.8	18.8
Space and Communications	9.5	8.7	10.6	9.6	9.1
Total	104.4	100.9	99.2	102.1	105.0

NOTES:

Boeing contractual backlogs in billions of U.S. dollars.

SOURCE:

The Boeing Company (<http://www.boeing.com>)

U.S. Airlines Net Profit

1994	1995	1996	1997	1998	1999
-344	2,314	2,804	5,168	4,903	5,576

NOTES:

U.S. airlines net profit in millions of U.S. dollars.

ATA member airlines transport over 95 percent of all passengers and cargo traffic in the United States.

SOURCE:

Air Transport Association *Annual Report 1998* (www.air-transport.org)

Per Capita Disposable Personal Income: United States

1999			2000	
II	III	IV	I	II
\$23,133	\$23,203	\$23,404	\$23,472	\$23,621

Monthly Average Wage by Industry: King County

	1998		1999		
	IV	I	II	III	IV
Overall Average	\$3,612	\$3,730	\$3,565	\$3,844	\$4,205
Agriculture, Forestry, Fishing	\$2,729	\$2,479	\$2,801	\$2,385	\$2,873
Mining	\$4,248	\$3,217	\$3,370	\$3,726	\$4,497
Construction	\$3,518	\$3,154	\$3,308	\$3,429	\$3,771
Manufacturing	\$4,176	\$3,818	\$4,067	\$4,248	\$4,508
Transportation and Public Utilities	\$3,741	\$3,966	\$3,495	\$3,605	\$4,348
Wholesale Trade	\$4,060	\$3,913	\$3,762	\$3,880	\$4,231
Retail Trade	\$1,886	\$1,808	\$1,935	\$1,936	\$2,121
FIRE	\$4,277	\$4,338	\$3,859	\$3,888	\$4,148
Services	\$4,247	\$4,933	\$4,377	\$5,085	\$5,655
Government	\$3,200	\$3,006	\$3,124	\$3,238	\$3,314

NOTES:

Per Capita Disposable Personal Income: Values are in 1996 dollars at seasonally adjusted annual rates. Data is from the revised National Income and Products Accounts newly benchmarked to first quarter 1997. Earlier reports using 1992 figures are not comparable.

Wages: Average of monthly wages per worker by industry. Figures are lagged six months or more due to reporting delay.

SOURCES:

Per Capita Disposable Income comes from the U.S. Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/nipubl-d.html>).

Wages: *Employment and Payrolls in Washington State by County and Industry* (Washington State Employment Security).

Construction

City of Seattle

	1999			2000	
	II	III	IV	I	II
Residential Construction	\$146,410,493	\$122,240,064	\$89,989,974	\$207,535,437	\$207,390,244
Non-Residential Construction	\$330,694,235	\$333,585,384	\$272,317,311	\$125,023,154	\$290,781,087
Building Permits					
Commercial and Industrial	748	754	664	662	716
Existing Housing Units	823	856	589	584	734
New Residential Permits	164	198	165	130	175
New Residential Units	1,157	928	1,213	1,562	2,221

King County

	1999			2000	
	II	III	IV	I	II
Home Sales: New & Existing					
# of Sales	6,980	6,922	5,674	4,544	6,255
Days on Market	38	35	38	45	35
Average Sales Price	\$286,426	\$303,110	\$296,234	\$306,152	\$316,121
Median Sales Price	\$229,650	\$239,588	\$237,400	\$243,350	\$253,958
Home Sales: New Construction					
# of Sales	864	671	595	629	726
Days on Market	84	88	80	86	79
Average Sales Price	\$327,040	\$370,076	\$367,627	\$386,097	\$376,195
Median Sales Price	\$270,947	\$289,828	\$297,965	\$302,003	\$306,790

NOTES:

The number of commercial and industrial permits is estimated by subtracting from the total number permits for residential construction, schools, churches, and other permit activity.

SOURCES:

City of Seattle Department of Construction and Land Use, *Issued Building Development Permits* (monthly reports).
Home sales data comes from the Northwest Multiple Listing Service.

Office Market

Downtown Seattle

	1999			2000	
	II	III	IV	I	II
Total Square Feet	28,067,099	28,315,014	28,469,378	28,746,728	28,828,492
No. of Buildings	220	222	224	227	226
Vacant Square Feet	993,575	741,853	589,316	462,822	291,168
Vacancy Rates	3.5%	2.6%	2.1%	1.6%	1.0%
Under Construction (sq. ft.)	2,336,407	2,889,825	2,997,727	3,246,950	3,290,950
Absorption (sq. ft.)	284,122	257,121	353,469	405,479	360,676
Median Lease Rate (per sq.ft.)					
Class A	\$29.50	\$31.50	\$30.28	\$33.68	\$35.54
Class B	\$21.00	\$23.50	-	-	-
Class C	\$17.50	\$19.50	-	-	-
Vacancy Rate					
Class A	3.7%	2.6%	1.5%	1.0%	0.5%
Class B	3.2%	2.4%	4.3%	3.9%	2.8%
Class C	2.7%	3.5%	2.3%	1.9%	1.1%

NOTES:

"Downtown Seattle" consists of the Canal, CBD, Denny Regrade, Lake Union, Lower Queen Anne, Pioneer Square and Waterfront.

The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Office Market

North King County

	1999			2000	
	II	III	IV	I	II
Total Square Feet	1,135,559	1,135,559	1,135,559	1,135,559	1,031,305
No. of Buildings	24	24	24	24	-
Vacant Square Feet	15,330	20,667	29,525	37,928	25,061
Vacancy Rates	1.4%	1.8%	2.6%	3.3%	2.4%
Under Construction (sq. ft.)	0	0	0	0	97,972
Absorption (sq. ft.)	-1,654	-5,380	-8,855	-8,387	12,892
Ave. Class A Lease Rate	\$19.13	\$20.60	\$20.46	\$22.75	\$23.88

South King County

	1999			2000	
	II	III	IV	I	II
Total Square Feet	5,557,354	5,632,654	5,741,805	5,797,606	7,476,563
No. of Buildings	-	-	-	-	-
Vacant Square Feet	562,960	497,927	433,506	404,093	868,029
Vacancy Rates	10.1%	8.8%	7.6%	7.0%	11.6%
Under Construction (sq. ft.)	315,300	302,240	301,508	301,508	0
Absorption (sq. ft.)	-30,857	140,010	77,959	79,481	-345,004
Ave. Class A Lease Rate	\$17.46	\$18.34	\$18.64	\$21.60	\$22.09

NOTES:

"North King County" consists of the area north of the Ship Canal up to the King County line.

"South King County" consists of the area south of the Kingdome to the King County line, excluding Federal Way.

The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Office Market

Bellevue/Eastside

	1999			2000	
	II	III	IV	I	II
Total Square Feet	19,095,242	19,671,493	20,864,771	20,979,771	20,978,237
No. of Buildings	336	343	355	358	346
Vacant Square Feet	713,792	842,013	710,569	772,056	144,750
Vacancy Rates	3.7%	4.3%	3.4%	3.7%	0.7%
Under Construction (sq. ft.)	3,612,543	4,709,508	3,772,968	4,103,207	3,424,391
Absorption (sq. ft.)	743,758	389,491	1,412,423	175,727	1,328,570
Average Lease Rate (per sq.ft.)					
Class A	\$26.00	\$26.00	\$24.05	\$26.74	\$31.73
Class B	\$22.00	\$22.00	-	-	-
Class C	\$17.00	\$17.00	-	-	-
Vacancy Rate					
Class A	4.3%	4.6%	3.9%	3.7%	0.5%
Class B	2.6%	4.0%	2.3%	2.1%	1.5%
Class C	0.7%	0.6%	1.0%	0.5%	0.1%

NOTES:

"Bellevue/Eastside" consists of all of King County directly east of Lake Washington, plus that portion of Bothell extending into Snohomish County.

The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Industrial Market

Seattle

	1999			2000	
	II	III	IV	I	II
Total Square Footage	70,930,026	71,016,568	70,927,337	71,140,072	70,789,899
Industrial	69,741,261	69,827,803	69,785,228	69,951,307	69,668,790
High-Tech	1,188,765	1,188,765	1,142,109	1,188,765	1,121,109
Vacancy Rate	1.8%	1.7%	2.0%	2.1%	3.3%
Industrial	1.8%	1.7%	2.0%	2.0%	3.3%
High-Tech	2.3%	2.5%	1.2%	3.9%	0.2%
Total Vacant (sq. ft.)	1,310,581	1,216,673	1,437,324	1,473,250	2,314,798
Industrial	1,283,239	1,187,073	1,423,619	1,427,007	2,313,004
High-Tech	27,342	29,600	13,705	46,243	1,794
Lease Rates (per sq. ft./mo.)					
Industrial	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45
High-Tech	\$0.82	\$0.82	\$0.85	\$0.85	\$0.85
Absorption (sq. ft.)	245,152	93,071	-265,167	173,500	-884,249

NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Seattle" stretches from the King/Snohomish line south to Tukwila.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Industrial Market

Kent Valley

	1999			2000	
	II	III	IV	I	II
Total Square Footage	85,067,093	85,570,159	85,844,794	87,166,421	87,845,764
Industrial	83,252,435	83,755,501	83,983,480	85,351,763	86,085,950
High-Tech	1,814,658	1,814,658	1,861,314	1,814,658	1,759,814
Vacancy Rate	5.7%	4.9%	4.9%	5.5%	2.7%
Industrial	5.6%	4.8%	4.9%	6.2%	2.5%
High-Tech	7.4%	6.8%	6.9%	5.5%	11.5%
Total Vacant (sq. ft.)	4,829,722	4,177,707	4,218,798	5,391,071	2,354,175
Industrial	4,695,437	4,053,766	4,089,995	5,291,809	2,152,149
High-Tech	134,285	123,941	128,803	99,262	202,027
Lease Rates (per sq. ft./mo.)					
Industrial	\$0.33	\$0.33	\$0.35	\$0.35	\$0.35
High-Tech	\$0.95	\$0.95	\$0.95	\$0.95	\$0.95
Absorption (sq. ft.)	-355,945	1,398,338	224,142	762,681	2,852,798

NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Kent Valley" is defined as Tukwila, Renton, Kent, Auburn and SeaTac.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Industrial Market

Eastside

	1999			2000	
	II	III	IV	I	II
Total Square Footage	20,334,569	20,560,153	20,357,740	20,272,821	20,676,427
Industrial	15,855,848	16,016,009	15,695,902	15,644,888	16,023,596
High-Tech	4,478,721	4,544,144	4,661,838	4,627,933	4,652,831
Vacancy Rate	4.6%	4.9%	4.7%	3.7%	2.5%
Industrial	5.7%	5.6%	4.1%	4.9%	2.6%
High-Tech	0.7%	2.6%	6.7%	3.4%	2.3%
Total Vacant (sq. ft.)	931,963	1,010,932	959,309	924,764	523,163
Industrial	900,612	893,693	645,102	769,728	416,613
High-Tech	31,351	117,239	314,208	155,036	106,550
Lease Rates (per sq. ft./mo.)					
Industrial	\$0.55	\$0.60	\$0.60	\$0.60	\$0.60
High-Tech	\$1.20	\$1.25	\$1.25	\$1.30	\$1.30
Absorption (sq. ft.)	252,595	136,939	153,793	228,702	425,726

NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Eastside" consists of the east side of Lake Washington, King/Snohomish County Line south to Renton City Limits.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Retail Market

Puget Sound Region	1998		1999		2000
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Footage	62,536,242	59,030,357	60,597,201	61,220,255	58,612,098
Total Vacant	4,195,059	2,613,436	3,387,384	3,336,504	2,075,247
Vacancy Rates	6.7%	4.4%	5.6%	5.5%	3.5%
Absorption (sf)	1,629,429	6,442,336	561,033	72,711	1,773,500

Puget Sound consists of the downtown Seattle, Northend, Southend, Eastside, and Kitsap Markets.

Downtown Seattle	1998		1999		2000
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	3,686,414	4,558,469	4,558,469	4,816,804	5,462,959
Total Vacant	101,172	114,678	131,740	148,839	87,407
Vacancy Rates	2.7%	2.5%	2.9%	3.1%	1.6%
Rental Rates	\$26.60	\$25.16	\$26.29	\$38.31	\$34.07
Absorption (sf)	50,036	847,549	8,243	64,233	754,254

The Ship Canal south to the West Seattle Bridge including the Central Business District, Denny Regrade, Lower Queen Anne, Pioneer Square, West Lake Union, Capitol Hill and the Central District.

Northend	1998		1999		2000
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	15,513,322	15,152,425	15,803,346	15,847,347	12,934,821
Total Vacant	849,089	678,490	933,978	1,044,340	433,317
Vacancy Rates	5.5%	4.5%	5.9%	6.6%	3.4%
Rental Rates	\$11.96	\$13.15	\$11.19	\$16.03	\$17.61
Absorption (sf)	57,821	747,419	12,752	51,709	558,742

Northend is defined as North Seattle from Ship Canal up through Snohomish and Northern Counties.

Southend	1998		1999		2000
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	28,285,213	27,509,392	27,894,915	28,293,688	27,313,703
Total Vacant	2,139,346	1,344,928	1,860,591	1,621,228	1,188,146
Vacancy Rates	7.6%	4.9%	6.7%	5.7%	4.4%
Rental Rates	\$11.78	\$14.65	\$15.07	\$19.07	\$15.60
Absorption (sf)	637,790	2,424,513	265,823	98,239	11,230

"Southend" is South Seattle through Pierce and Thurston Counties.

Bellevue/Eastside	1998		1999		2000
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	11,626,902	11,810,071	12,340,471	12,262,416	12,900,615
Total Vacant	696,958	475,340	457,831	521,153	366,377
Vacancy Rates	6.0%	4.0%	3.7%	4.3%	2.8%
Rental Rates	\$15.24	\$17.32	\$19.92	\$21.21	\$22.50
Absorption (sf)	915,998	761,210	274,215	-141,470	449,274

All of King County east of Lake Washington, including Bellevue, Kirkland, Redmond, Issaquah, Bothell and Mercer Island.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Apartment Market

	1998		1999		2000
	First Half	Second Half	First Half	Second Half	First Half
Seattle/North King	1.2%	1.7%	2.3%	3.4%	2.2%
Capitol Hill/Eastlake	1.9%	1.4%	1.1%	0.5%	0.0%
Central District	0.5%	-	2.2%	5.3%	0.0%
Downtown/First Hill	0.8%	1.7%	2.2%	3.7%	2.7%
Magnolia/Queen Anne	1.2%	1.8%	2.5%	4.2%	2.4%
North Seattle	1.2%	1.2%	1.1%	3.0%	1.2%
Sandpoint	0.0%	0.5%	1.8%	2.6%	0.0%
South Seattle	-	1.0%	3.2%	-	-
University District	1.0%	0.5%	2.7%	1.5%	0.8%
West Seattle	1.1%	0.6%	3.2%	3.2%	1.5%
South King County	1.7%	1.8%	3.0%	3.6%	1.9%
Auburn	1.1%	2.4%	4.4%	4.7%	1.7%
Burien/Des Moines	1.2%	1.6%	3.0%	1.9%	2.9%
Federal Way	1.9%	2.0%	3.2%	6.2%	1.9%
Kent	1.7%	2.2%	2.1%	3.4%	1.8%
Renton	1.9%	1.4%	3.5%	2.4%	2.0%
Sea-Tac/Tukwila	1.8%	1.4%	3.0%	3.4%	1.6%
East King County	1.4%	1.7%	2.7%	5.2%	2.3%
Bellevue	1.0%	1.4%	2.4%	5.6%	2.5%
Bothell/Woodinville	1.6%	3.2%	2.8%	4.8%	4.4%
Issaquah/North Bend	1.8%	1.5%	3.1%	3.8%	2.0%
Kirkland	1.7%	1.9%	3.8%	3.4%	1.0%
Redmond	1.7%	1.0%	2.1%	6.1%	1.3%
Snohomish County	1.1%	1.8%	3.8%	4.2%	3.2%
Edmonds	0.7%	0.9%	2.4%	1.9%	2.6%
Everett	1.1%	1.8%	2.9%	5.3%	4.1%
Lynnwood	1.0%	2.4%	2.8%	3.9%	2.2%
Marysville	1.7%	0.0%	7.7%	6.3%	1.7%
Mountlake Terrace	0.8%	1.8%	4.1%	3.2%	2.0%
Pierce County	4.5%	3.3%	3.2%	5.1%	4.1%
Fircrest	6.2%	3.2%	3.6%	3.5%	3.2%
Gig Harbor	3.6%	5.1%	4.5%	8.5%	0.6%
Lakewood	5.3%	3.6%	3.3%	4.9%	3.3%
Puyallup	3.7%	1.4%	3.3%	4.8%	5.6%
Tacoma	4.5%	2.3%	2.7%	6.1%	3.4%

SOURCE: CB Richard Ellis *Quarterly Market Reports*